



AN ASSOCIATION OF  
MONTANA HEALTH  
CARE PROVIDERS

EXHIBIT 6  
DATE 2-5-07  
HB 471

## Testimony in Opposition of HB 471

### Rent notification for elderly and disabled

MHA...An Association of Montana Health Care Providers opposes passage of HB 471, a bill that will require nursing homes, assisted living facilities and retirement communities to provide 90-day notice of any increase in rent. MHA represents not-for-profit nursing homes, assisted living facilities, and a small number of retirement communities across Montana. MHA's primary concern is that this bill is a result of unethical practices by specific providers, not a widespread custom with our members, and that its impact will be deleterious to our members' viability.

When residents are admitted to nursing homes or assisted living facilities, they are informed about their charges and that they will be given 30 days notice for any changes. The 30 days is federally-required by Medicare for nursing facilities, and state-required for assisted living facilities (ARM 37.106.2823). MHA members oppose increasing this to 90 days for the following reasons:

- Budgeting is a year-long data collection process that uses financial and statistical data from the previous 7-8 months of the fiscal year to realistically project for the next year.
- Every year these providers receive large increases in costs for utilities, food, staffing (recruiting, health insurance, education, turnover, etc.), and other costs of doing business.
- Not-for-profits must then have rate changes approved by their boards of directors, which adds time to this process.
- Many of our members are hospital-based, which means they may also need to take any budget changes to the hospital board of directors, adding an additional step.
- When a budget cycle is reduced by adding to the notification period for rent increases, the projections are less accurate. Providers would need to inflate their rates—perhaps higher than they would w/existing notice period--to cover this extra time period of the unknown, and maintain their ability to function.
- When a resident's need changes and they need increased services, assisted living members often wait 30 days before actually raising the rate, to see if the resident will improve, or if it's a long-term change.
- None of MHA's members can recount a resident leaving their facilities because of a rate change.
- Skilled Nursing facilities do not charge "rent"—their rates are daily, and are based on the acuity, or illness/need level of the resident. Average length of stay varies, some are two weeks, some are two years.

Specific comments from our members include:

- **Nadine Elmore, Dahl Memorial Healthcare Association, Ekalaka:** "We don't even get our Medicaid rate for those who do not have a change in the level of care within 90 days of when the Montana FY starts. We set our private rate based on the Medicaid rate. We already have to inform our Medicaid residents of that Medicaid rate change. Other 'landlords' around the state don't have to give a 90-day notice of rent increases."
- **Wanda Hageman, Garfield County Health Center, Jordan:** Requiring our facility to notify residents of rate increases 90 days or more in advance would force the Board of Directors to set rates higher than they may if able to do so on a shorter notice to residents. Because we are a small facility that relies on county government subsidization and the Board and management strives to keep costs at a minimum for the community it serves, rates for the upcoming fiscal year have been calculated and set very near the current 30-day notice period. This allows the governing body and

management to have more complete current year data and allows other factors such as Medicaid rates and possibilities of other funding to be weighed in to the final decision. A requirement of 90-day notification of rate changes to residents in our facility would have a negative impact on those residents. Rates would most likely be set higher because other revenue sources would be unsettled in the budgetary process.

- MHA has received similar comments from:
  - **Lori Henderson, Northern Montana Care Center, Havre**
  - **Linda Shearer, Immanuel Lutheran Corporation, Kalispell**
  - **Rick Ojala, Aspen Pointe at Hillcrest, Bozeman**
  - **Jennie Jorgenson, St. Joseph Retirement Community, Polson**
  - **Joyce Anderson, Missoula Manor, Missoula**
  - **Kevin Sider & David Trost, Mission Ridge, Billings**

MHA respects and appreciates Representative Dickenson's concerns and the difficult experiences she's encountered with this issue. However, this bill is not the solution to this problem. A few providers with unethical or poor fiscal practices do not mean the whole state should be punished for their inappropriate behavior. HB 471 will cause undue hardship for the compassionate, hard-working, and ethical long-term care providers in Montana, and we urge you to oppose this bill. Thank you for your attention to our concerns.

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February 1, 2007

Business and Labor Committee  
Montana Legislature  
Helena, MT

Dear Committee:

Please allow this letter to serve as opposition to HB 471. As an Administrator of a Skilled Nursing Home it would be very difficult to manage the business by having a limitation placed upon the management of providing a 90 day notice prior to any rate or price increase. The present law requiring 30 days notice has been sufficient for years. Never has anyone ever moved out because of rate increases at our skilled nursing home.

With the work force shortage and super high energy and insurance costs, it would hamstring any well run operation to place a 90 notice prior to changing prices or rates. No business on Main Street could operate with such a limitation and the same is true for the nursing home business.

Further more, most community operated nursing homes have an elected Board from the community that are very sensitive to the needs of the elderly and would never raise rates in such a fashion that the elderly would need to move out. If this bill is about bad operators that are out of state corporations who operate solely for a profit and not for the community benefit, then I suggest the legislature look at those operators and not the local non-profit community owned facilities that provide a vital service to the elderly in their home communities. I oppose HB 471 for the unneeded hindrance and hardships it would place on a small community owned skilled nursing home such as ours.

Thank you for considering my input on HB 471.

Cordially,

Harry Bold  
Administrator